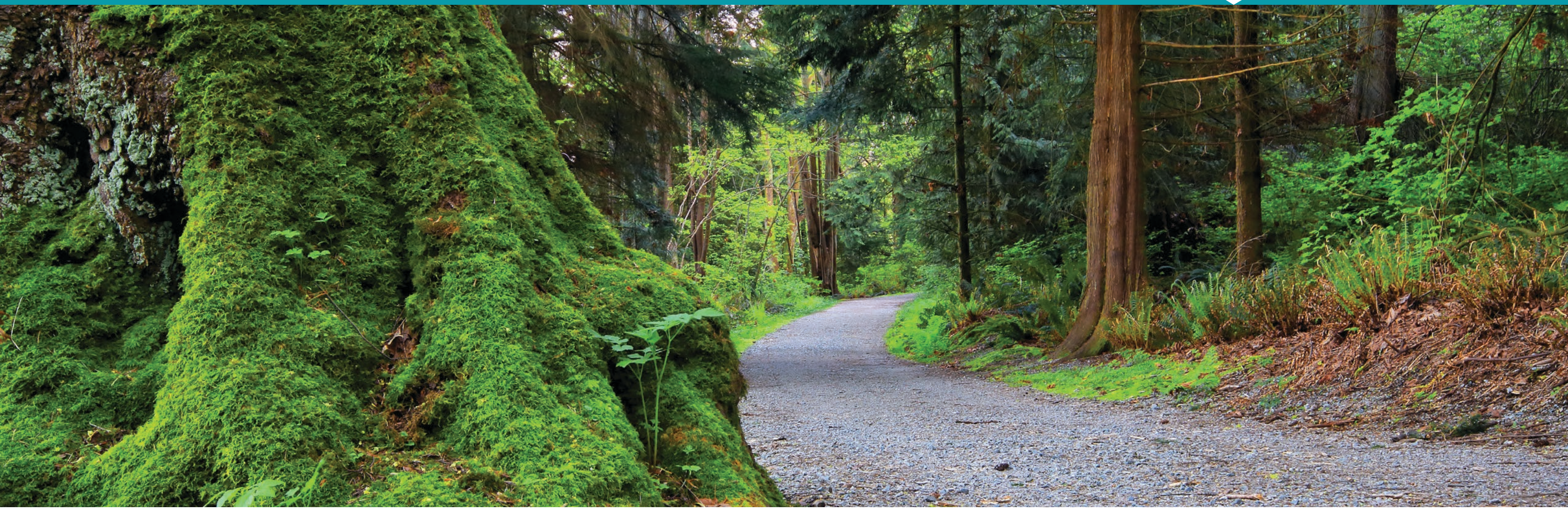
CC&L'S APPROACH TO RESPONSIBLE INVESTING

2022



"The pace of change in ESG in our industry is continuing unabated, and as such, continues to provide us with an opportunity to evolve and grow. I am proud of the work we have accomplished to date and the projects underway as we continue to pursue both our clients' and our own shared sustainability and stewardship goals. "

— Martin Gerber, President & CIO, CC&L Investment Management

In our fourth annual Responsible Investing (RI) Update, we are pleased to share the progress we have made regarding our Environmental, Social and Governance (ESG) practices over the last year. Across our organization, our teams have worked diligently to enhance our effectiveness in implementing our approach to RI, in line with our commitment as signatories to the United Nations Principles for Responsible Investment (PRI).

Our RI activities are governed by the Board of Directors and implemented by the CC&L ESG Committee, which is comprised of leaders from the firm's investment, client solutions, and compliance teams and supported by our centralized Stewardship and Engagement (S&E) team. In late 2021, this Committee conducted a strategic review of our governance framework, which reaffirmed that oversight and management of the firm's overall approach to climate-related investment risks and opportunities is the responsibility of the ESG Committee, while integration of these issues in our investment portfolios is the responsibility of our investment teams. Another outcome of this review was the development of ESG risk reports for all of our equity portfolios, which are reviewed by the Investment Risk Committee on a monthly basis.

We hope you find this report useful in learning more about our approach and recent efforts to promote RI.

CC&L'S APPROACH TO RESPONSIBLE INVESTING (RI)

This report complements information in our other RI publications, outlined below:

- CC&L Voting Rights Policy
- CC&L Responsible Investing Policy
- CC&L Climate-Related Disclosure
- CC&L Stewardship & Engagement Policy

RESEARCH

Our ability to incorporate ESG factors in the evaluation of investments is continually evolving as company disclosures and data availability steadily improve. We are committed to undertaking regular research projects in order to find ways to improve the integration of these factors into our investment portfolios.

In 2022, CC&L's ESG Committee undertook a market research project looking at RI practices to ensure CC&L is adhering to industry best practices and to identify areas where we can improve on our approach. The review consisted of discussions with clients and consultants, and an evaluation of market best practices. Areas of focus for this project included our approach to ESG integration, proxy voting, engagement, communication, and climate change. The conclusions from this research will be used by each of our teams as they consider ways to improve and enhance the firm's overall approach to RI.

The Fixed Income (FI) team recently conducted preliminary research to determine whether there is potential to incorporate MSCI carbon emission data into the FI investment process. One of the early takeaways was that carbon emission data tends to be less robust for debt issuers and as a result, the analysis conducted on our FI portfolios to date has not yielded meaningful results. CC&L's FI team is leading the work and will continue to monitor the quality of the dataset and its viability for inclusion in the investment process.

The Fundamental Equity (FE), FI and S&E teams use the responses to our customized ESG questionnaire in support of their ESG research, integration, and engagement efforts. In our 2021 ESG questionnaire, 35% of respondents shared that they align their corporate disclosures with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. In 2022, this has increased to 58%. As supporters of the TCFD, CC&L is encouraged by this momentum and the resulting increased transparency. CC&L will continue to promote further ESG disclosures at the companies in which we invest. As data availability, regulation, and ESG trends evolve, CC&L will continue to adjust its questionnaire. Please see **Exhibit 1** for more details on the 2022 questionnaire responses.

INTEGRATE

We believe that understanding and managing the potential impact of ESG themes through our investment approach is preferable to divesting or screening out companies from our investment universe.

In our 2021 RI Update, we introduced the CC&L's Quantitative Equity (Q) team's research efforts regarding third-party carbon emission data and measurement. As a result of this project, the Q team began integrating carbon emission data from MSCI (specifically Scope 1 & 2 carbon emissions in units of tons of CO2 per million dollars invested) to manage carbon exposure for all quantitative strategies. We expect that this enhancement will ensure our strategies do not have a significant carbon emission bias relative to benchmark over time.

We believe that companies operating with good corporate governance will enhance shareholder value over the long term. Thus, both our FE and FI teams' risk assessments take into account governance concerns. Please see **Exhibit 2** for an example of how each team considered governance issues at Rogers Communications in the fall of 2021 in their investment process and forecasts.

ENGAGE

CC&L's FE and FI teams engage with the management teams of companies to support our research efforts and exercise influence as an asset owner.

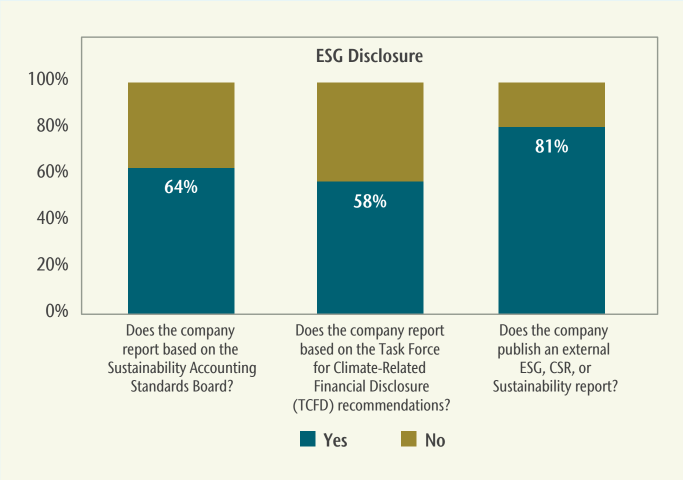
CC&L's engagements with investee companies occur in a variety of ways, including:

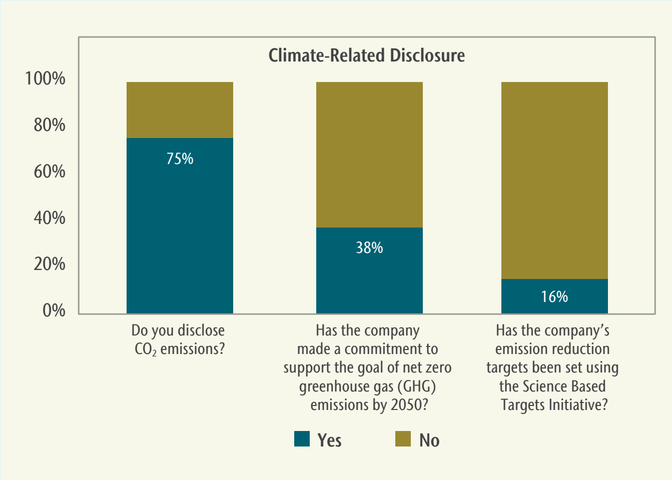
- Through direct engagements with management conducted by the FE team's portfolio managers and supported by the centralized S&E team;
- Through our custom ESG questionnaire sent to all FE holdings; and
- Through collaboration with like-minded investors, industry associations, or advocacy groups to pool resources and speak with a stronger unified voice.

EXHIBIT 1

CC&L CUSTOM ESG QUESTIONNAIRE RESULTS

CC&L's FE team, in collaboration with the S&E team and the FI team, continues to make enhancements to their ESG questionnaire, which is sent to all FE holdings. In 2022, the questionnaire was launched on a new web-based platform, which will enable our teams to gather additional information and conduct more robust analysis. To date, we have received responses from 60% of all fundamental equity holdings. We are pleased to present the following highlights from this questionnaire:





Examples of some ESG engagements that took place over the last year are set out below:

- In January 2022, CC&L met with Cenovus Energy Inc's Chief Sustainability Officer & Senior Vice-President and a member of the investor relations team. The meeting covered developments at Cenovus since their acquisition of Husky Energy, including establishment of new ESG targets, publication of Scope 3 emissions, improvements to TCFD based disclosures, and future initiatives related to diversity and inclusion (D&I). CC&L was generally satisfied with progress at the company and used the meeting to communicate our priorities over the next year, including that we became founding participants in Climate Engagement Canada in 2021.

- In February 2022, CC&L engaged with AltaGas Ltd. on the topic of their ESG progress. We were pleased to note that the company has set goals to improve its diversity metrics as currently their board is comprised of 36% female directors and 9% ethnic/visible minorities. While we were generally happy with the company's ESG disclosure, as compared to its peers at similar market capitalizations, we shared feedback that their TCFD-based disclosures could be made more comprehensive, particularly under the Strategy and Risk Management pillars. We also recommended that any omissions from the recommended disclosures be explained. AltaGas also shared updates on various energy efficiency initiatives, such as working to reduce heat pump emissions, innovations to reduce emissions associated with delivery and export of fuels, and renewable natural gas.

- In March 2022, CC&L engaged with the Bank of Montreal (BMO) regarding their ESG initiatives and reporting. CC&L shared feedback regarding the company's most recent Sustainability Report and Climate Report and was pleased to see progress on the company's efforts to align their reporting with the TCFD recommendations. As BMO began measuring its financed carbon emissions in 2021, the company shared their approach, which was to begin by measuring the sectors with the highest concentration of climate impacts, significant lending exposure, sufficient data availability, and where they saw the highest stakeholder interest and would then expand their measurement over time to add additional sectors. CC&L shared recent updates to our proxy voting guidelines, which now look for at least 30% female directors on the board. We were pleased to see that this year BMO exceeded this threshold at 46%. In addition, the company explained that they were focused on additional metrics of diversity, such as hiring Indigenous directors.

- In March 2022, CC&L met with Air Canada board members on the topic of the company's management of ESG issues. CC&L shared feedback on the company's most recent Sustainability Report and was pleased to hear that several improvements in alignment with CC&L's feedback are planned for 2022, such as a report based on the TCFD Recommendations and Sustainability Accounting Standards Board (SASB). In 2023, these disclosures will be embedded in Air Canada's Annual Report. The company also plans to ensure alignment with the Science-based Targets Initiative. Additionally, CC&L is pleased that Air Canada has made a commitment to reach Net Zero by 2050, as well as interim targets (a 20% reduction in air operations emissions and a 30% reduction in ground operations emissions by 2030). Regarding diversity, CC&L noted Air Canada's strong performance: 33% of directors are female and the company's

GOVERNANCE CONSIDERATIONS IN INVESTMENT PROCESS

EXHIBIT 2

In October 2021, a Rogers family member dispute caused boardroom turmoil at Rogers Communications, just as the company was attempting to finalize a merger with Shaw. Chairman of the Board Edward Rogers unintentionally leaked a plan to internally replace the CEO, and was later ousted as Chairman by a vote led by his mother, who also sat on the Board at the time. However, following the initial feud and Board shakeup, in November 2021, legal proceedings worked in favour of the former Chairman, which allowed the situation to stabilize with a good management team in place.

Fundamental Equity Team's Analysis

The Rogers' family trust has approximately 10% economic interest, yet full voting control. Under the company's Dual Class Share (DCS) structure, their Class A voting shares amount to 50 votes per share. At CC&L, we are proponents of the principle of one share, one vote. As such, we typically view DCS structures negatively and incorporate this into our valuation, engagement and proxy voting approach. Dual, or multiple-class shares, give greater voting rights to a certain class of shares. Historically, DCS structures emerged in Canada for a variety of reasons, including to preserve family control while gaining access to public capital markets. Fundamentally, the FE team is positive on Rogers' assets, the exposure to a recovery in wireless, the prospects for the merger with Shaw, and the significant valuation discount relative to peers. That said, due to the governance concerns, we use a discounted valuation multiple for Rogers relative to its peers in our evaluation of the company's outlook in our target price forecast.

Fixed Income Team's Analysis

CC&L's FI team viewed this boardroom dispute as an increased governance risk for the company. Prior to the family feuding, and assuming regulatory approval of the merger, we had confidence in Rogers' ability to successfully operate the combined business and drive synergies. However, this family issue was a distraction for management and created uncertainty around the ability to execute post-merger. As a result, in October 2021, we widened our spread forecast and trimmed our exposure to Rogers to neutral, as we believed there would not be much clarity around the company's leadership team in the interim. As these issues receded, we adjusted our spread forecast more favourably, however, our forecast continued to include a governance discount given these events.

target is to increase it to 40% by 2025. It also aims to have 3.5% Black board representation. Currently, 16% of the 255 senior leaders self-identify as a visible minority and 36% of senior leaders are female. Regarding compensation, the company shared that 20% of its annual incentive plan is tied to ESG criteria. The company is also looking to incorporate ESG factors into longer-term incentive pay structures.

- In April 2022, CC&L engaged with Uni-Select, an automotive refinishing and coatings and related parts distributer, regarding their ESG reporting. The company had recently retained a consultant to assist with their ESG strategy and to support their engagement with investors to seek input on material ESG issues in their sector. The company asked for our insight regarding how we integrate ESG into our investment process. CC&L was pleased to see that the company was proactively engaging on the topic of ESG and was taking a systematic approach to their ESG reporting, which would become available by the end of 2022. We recommended that the company reference the SASB materiality framework, which provides guidance on ESG issues material to each sector. In addition, we encouraged the company to align their climate-related reporting with the TCFD recommendations.

COLLABORATE

CC&L participates in collaborative engagements and initiatives sponsored by other institutional investors, industry associations, and advocacy groups. These collaborations allow CC&L to pool resources and speak with a stronger unified voice to protect the interests of shareholders.

As one the largest independently owned asset management firms in Canada, we recognize our responsibility as stewards of the assets entrusted to us by our clients and the significant influence we have as investors in the Canadian marketplace. In our 2021 RI Update, we announced our participation in Climate Engagement Canada (CEC) as founding members. In June 2022, the list of companies that will be the focus of the CEC's engagement activities was announced. The list includes 40 companies that were selected based on an evaluation of Canadian emissions data by sector and representation on the TSX. The focus list is available here. We look forward to sharing details on our progress with this initiative in the near future.

We have also been active members of the Canadian Coalition for Good Governance (CCGG) since its inception. CCGG continues to pursue a list of board-level engagements with Canadian companies focused on a variety of ESG subjects that are specific to each company. One of CC&L's Directors, Phil Cotterill, is a Director of the CCGG and has participated in several of the engagements conducted by the organization. We actively review CCGG submissions to regulators and industry associations. As an example, in January 2022, CC&L supported a CCGG submission to the Canadian Standards Association (CSA) in support of the CSA's proposed approach to align disclosures with the recommendations of the TCFD and encouraged harmonization with the International Sustainability Standards Board.

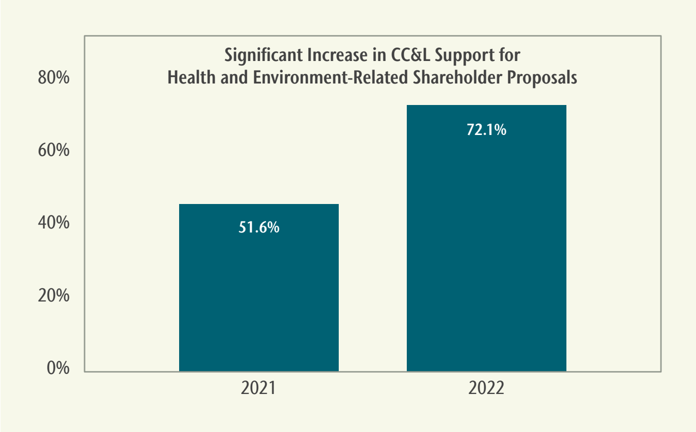
We see our participation in CEC and CCGG as an important extension of our individual engagement efforts.

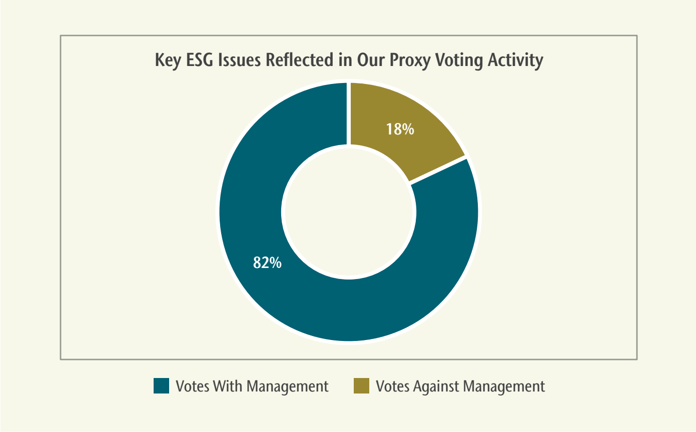
VOTE

The central tenet of CC&L's proxy voting policy is that good corporate governance enhances long-term shareholder value. We have a customized proxy voting policy that reflects our views on best practices for corporate governance and guides all of our voting decisions.

CC&L's proxy voting activities reflect its views on corporate governance best practices, and as such, CC&L's guidelines are reviewed annually and amended as best practices evolve. In 2021 we updated our guidelines to increase focus on certain environmental and governance themes, specifically: gender diversity, auditor tenure, and climate risk. To support our goal of promoting D&I, we updated our proxy guidelines such that should a board lack female representation, which we define as a minimum of 30%, we may vote against the Nominating Committee Chair. In order to encourage the independence of auditors, CC&L believes that the audit firms should be rotated on a regular basis. As a result, CC&L may vote against the appointment of auditors when the auditor tenure exceeds 15 years or is not disclosed. In regard to climate risk, CC&L updated its guidelines to withhold votes from certain directors if a company has not established appropriate climate risk oversight and may elect to vote against financial reporting in response to poor climate-related disclosure. In order to execute these climate-related policy changes, CC&L is testing a custom voting tool offered by Institutional Shareholder Services (ISS).

CC&L continues to reflect our views on key ESG issues through our proxy voting activity. Over the last year, CC&L voted against management in approximately 18% of the over 75,000 proxy votes we participated in. In addition, CC&L's support for environment and social proposals has shown a significant increase in the past year, voting in favour of over 72% of Health and Environment-related shareholder proposals.





Since implementing the updates to our proxy voting policy in April 2022, CC&L voted against 947 Nominating Committee chairs due to lack of diversity, 908 auditor-related proposals due to the audit firm's tenure and 389 director elections or financial reporting due insufficient climate risk oversight or disclosure.

We are pleased to share the following examples of shareholder proposals that CC&L supported:

- In May 2022, CC&L supported two shareholder proposals for Chevron Corporation to address various climate risk-related concerns. The first proposal called for Chevron to adopt medium- and long-term GHG emissions reduction targets by reporting on its plans to reduce its total contribution to climate change and align its operations with the Paris Agreement goals. CC&L voted for this proposal as it believes that additional reporting on the company's climate risk-related measurement would likely benefit investors. The proposal received 33% of shareholder support. The second proposal called for Chevron to report on the company's efforts to directly measure methane emissions, and to provide insight as to whether there is likely to be a material difference between the company's estimates of emissions and the degree to which such difference may alter estimates of the company's Scope 1 emissions. CC&L voted in favour of this proposal as additional disclosure and attention regarding the accuracy of methane emissions measurements would likely benefit shareholders, regulators, scientists, and the Board. Ninety-eight percent of shareholders voted in support of this proposal, which was in line with the Board's recommendation.
- In May 2022, CC&L voted in favor of a shareholder proposal requesting that Boeing Co. increase transparency regarding their alignment with the Paris Agreement, through compliance with the Climate Action 100+ Net Zero Benchmark criteria. If resolved, the report would include an evaluation of the company's Scope 3 emissions associated with the use of their products. Although Boeing has committed to reducing 55% of its Scope 1 & 2 emissions by 2030 and achieving carbon neutrality by purchasing carbon offsets, the company has not reported a clear outline of how it intends to reduce its Scope 3 product emissions. In addition, Scope 3 emissions currently constitute 99% of Boeing's total CO_2 emissions. CC&L felt that support for the proposal was warranted as shareholders may benefit from additional transparency regarding the company's alignment with the Paris Agreement. The proposal received 91% of shareholder support and was also unanimously supported by Boeing's Board of Directors. This proposal was flagged by Climate Action 100+ as a key proposal of the 2022 proxy season.